



Monthly Bulletin

**Volume 14, Number 7****January 2011**

DFI Reminder - Servicemembers Civil Relief Act of 2003 (SCRA)

The Department of Financial Institutions (DFI) regularly reminds financial institutions of the Servicemembers Civil Relief Act (SCRA) 50 USC App. §§ 501-596, the revised and updated provisions of the Soldiers' and Sailors' Civil Relief Act of 1940. The SCRA is a federal statute passed by Congress to allow military members to suspend or postpone some civil obligations so that the military member can devote his or her full attention to military duties. Some of the benefits under the SCRA extend to dependents of active duty military members as well.

The SCRA requires a lender to lower its interest rate to 6 percent on loans made to qualified borrowers prior to their entry to military service. The 6 percent interest rate is to remain in effect throughout the borrower's term of active duty. Under the SCRA, no interest above 6 percent may accrue for credit obligations (that were established prior to active duty or activation) while on active duty, nor can that excess interest become due once the servicemember leaves active duty. Interest over and above the 6 percent threshold is permanently forgiven. Furthermore, the monthly payment must be reduced by the amount of interest saved during the covered period. In addition to the capped interest rate, other provisions include providing temporary relief from paying mortgages and also foreclosure protection.

The Act requires some action to invoke the protections under the statute. For example, to obtain a reduction of pre-active duty mortgage or credit card interest rates, military personnel must send the lender/creditor a written request and a copy of military mobilization orders. Military personnel that think their rights under the SCRA that may have been violated or qualify for protection under the SCRA are encouraged to contact a military legal assistance office to talk with an attorney about their specific case.

Resources:

- A copy of the SCRA can be downloaded from the Global Legal Information Network (GLIN), [Servicemembers Civil Relief Act \(GLIN ID 89986\)](#).
- The Department of Housing and Urban Development (HUD) provides a SCRA Questions and Answers document for lenders at: <http://www.hud.gov/offices/hsg/sfh/nsc/qasscra2.cfm>.

45 Fremont Street, Suite 1700, San Francisco, CA 94105-2219
300 South Spring Street, Suite 15513, Los Angeles, CA 90013-1204
1810—13th Street, Sacramento, CA 95811
7575 Metropolitan Drive, Suite 108, San Diego, CA 92108-4421
Consumer Compliance

(415) 263-8500
(213) 897-2085
(916) 322-5966
(619) 682-7227
(800) 622-0620

- HUD also provides a SCRA Q&A for servicemembers regarding mortgage payments:
<http://www.hud.gov/offices/hsg/sfh/nsc/qasscra1.cfm>.
- Additional information is available from the Department of Defense:
http://www.defenselink.mil/specials/Relief_Act_Revision/.

California Foreclosure Prevention Act (CFPA)

On February 20, 2009, Governor Schwarzenegger signed ABX2 7 and SBX2 7, which established the California Foreclosure Prevention Act (CFPA). Within the terms of the bill, the law had a sunset provision that states the law is no longer in effect as of January 1, 2011.

Fourth quarter 2010 is the last quarterly report due to DFI under the provisions of the CFPA. Quarterly CFPA reports are no longer required of institutions provided an exemption.

For questions regarding CFPA, contact Louise Amegin at 916-327-8222 or lamegin@dfi.ca.gov.

Increase in Uninsured Domestic Deposit Maximum for Foreign (Other Nation) Wholesale Branches

The Dodd-Frank Wall Street Reform and Consumer Protection Act signed by President Barak Obama on July 21, 2010 (Dodd Frank Act), in part, permanently increased the current standard maximum deposit insurance amount (SMDIA) to \$250,000.

As a result of this change and its impact on Financial Code section 1755(a)(4) relating to the amount of uninsured domestic deposits (initial deposits) that may be accepted at foreign (other nation) wholesale branch offices, pursuant to Financial Code section 1755(a)(4)(C), the **Commissioner has ordered that accepting of Initial Deposits in the amount of \$250,000 or more by a duly licensed state chartered foreign (other nation) wholesale branch office in California does not constitute engaging in domestic retail activities requiring deposit insurance protection.** The reason for this Order is that 12 C.F.R. § 347.202(v) (FDIC Regulations) has been amended to increase the SMDIA to \$250,000 or more. The Dodd Frank Act made this increase permanent. Section 347.213(a) of the FDIC Regulations sets the amount of Initial Deposits that may be accepted by a noninsured foreign branch by reference to the SMDIA.

Pending conforming amendments to Financial Code Section 1755(a)(4)(B) which currently allows deposits of \$100,000 or more to be accepted, **state foreign (other nation) wholesale branch offices should instead follow Financial Code Section 1755(a)(4)(C) and the Order issued pursuant thereto.**

Similar conforming amendments to Title 10, California Code of Regulations, sections 15626 and 15627 (Banking Regulations) relating to Non-Retail Deposits are also necessary. Pending those amendments, compliance with section 10.15627 of the Banking Regulations has been waived by the Commissioner.

If you have any questions relating to this Announcement, please contact either Diana H. Nishiura, Senior Counsel, Los Angeles Office, at (213) 897-2160 or by email at dnishiura@dfi.ca.gov if you have legal questions, or John Ross, Deputy Commissioner, Los Angeles Office, at (213) 897-8952 or by email at jross@dfi.ca.gov if you have questions for the Bank Examination Section.

Warning Notice - Mizuho Mergers & Acquisitions

Mizuho Corporate Bank, Ltd. and Mizuho Corporate Bank of California have advised the Department of Financial Institutions of a fraudulent website under the name Mizuho Mergers & Acquisitions <http://mizuho-mna.com/index-2.html>; phone: 81-3-4520-8971; fax: 81-3-6730-9542. The website, which no longer appears to be active, purported to offer financial products and services while requesting information from prospective targets which appeared to be a phishing scheme.

The site falsely claimed that the company representative was Mr. Takashi Tsukamoto, who actually is the Chief Executive Officer of Mizuho Financial Group. Furthermore, the address provided was the actual physical address of the parent of Mizuho Corporate Bank of California, Mizuho Corporate Bank, Ltd.

For more information, please contact the following persons at Mizuho Corporate Bank of California: Chief Financial Officer and Senior Executive Vice President Mr. Suresh Kumar at (213) 243-4591 or Compliance Officer Carmen Ner at (213) 612-2791.

Commercial Bank Activity

Merger

American Premier Bank, Arcadia, to merge with and into First General Bank, Rowland Heights
Effected: 1/31/11

Change of Name

The Private Bank of the Peninsula, to change its name to Avidbank
Notified: 1/20/11

Premium Finance Company Activity

New Premium Finance Company

Macro Premium Finance, Inc.
500 N. State College Boulevard, Orange, Orange County
Filed: 1/31/11

Industrial Bank Activity

Acquisition of Control

Simone Lagomarsino, to acquire control of Circle Bank

Filed: 1/5/11

Credit Union Activity

Field of Membership

Three credit unions received approval to add three new fields of membership during December 2010.

Merger

Motion Picture Federal Credit Union, Valley Village, to merge with and into Musicians' Interguild Credit Union, Hollywood

Approved: 1/7/11

Onized Oakland Federal Credit Union, Oakland, to merge with and into Allied Trades Credit Union, Stockton

Filed: 1/10/11

Star Energy Credit Union, Bakersfield, to merge with and into Chevron Federal Credit Union, Oakland

Approved: 1/7/11

Foreign (Other State) Bank Activity

New Facility

Peoples Bank

- 125 East Baker Street, Costa Mesa, Orange County (Facility – Insured Bank)
- 508 Gibseon Drive, Roseville, Placer County
- 120 Stonypoint Road, Santa Rosa, Sonoma County

Notified: 1/20/11

Opened: 1/24/11

Reliance Trust Company

610 Alamo Pintado Road, Solvang, Santa Barbara County (Facility – Uninsured Trust Company)

Filed: 1/6/11

Money Transmitter Activity

New Transmitter

ABS-CBN Global Remittance, Inc.

Opened: 1/26/11

American Express Prepaid Card Management Corporation

Opened: 1/1/11

American Express Travel Related Services Company, Inc.

Withdrawn: 1/3/11

WILLIAM S. HARAF

Commissioner of Financial Institutions

Bulletin for Month ended
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to Financial Code section 258



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